

## ABOUT YOUR CREDIT REPORT

### What is a credit report (also known as a credit file or profile)?

It is a written report, (stored in computers) comprised of the following information about your personal credit worthiness and debt repayment history.

- ◆ Identification by name, addresses, spouse's name, date of birth, Social Security number, telephone number, place of employment, mothers maiden name etc. etc.

- ◆ Credit Inquiries - every time a subscriber (credit provider) runs a credit report on a consumer, a record of the file inquiry is made. It will remain on the file in most states for one or two years. This is of interest to creditors because it reveals recent credit activity

- ◆ Information in public records and collection accounts are also collected by (or reported) to these agencies. Public records include courthouse records, bankruptcies, judgments, lawsuits, criminal etc

- ◆ Credit History - which includes the name and ID number of each subscriber who makes a report and your credit/debt repayment history. Also included is the date an account was opened, credit limits, current balance, monthly payment amount and payment frequency for the last 12-24 months. Records are dated with each request or entry. Other information includes, but is not limited to, consumer disputes, criminal convictions, individual liability or joint liability of accounts, co-maker or guarantor of payment on a certain account, secured accounts and charge offs -when a creditor has reported an unpaid balance as a loss.

- ◆ Consumer Statements - a statement - not to exceed 100 words - regarding any account(s) an individual may wish to more accurately and completely explain - often very helpful to credit decisions.

### When is a credit file created?

Usually when you make application for a loan or credit card, or when a party who extended credit makes a report to their credit reporting service on your debt repayment.

## Who can legally look at my credit report?

Credit reporting agency subscribers comprised of banks and merchants etc., may not access an individual's credit record unless authorized. This authorization is standard procedure when you sign credit and loan applications, life insurance applications, employment applications, security clearance requests , etc. Read the fine print on the applications for more details.

### How often should I look at my credit report?

If you are actively using credit - using one or more credit cards with monthly or bimonthly charge activity, have installment loan(s), vehicle lease, etc. review your credit file every nine to twelve months, otherwise once every 15 months is adequate.

### What if you need help?

Avoid any type of credit doctor, credit repair firm or service. Do-it-yourself instead. It is easy and inexpensive.

## THE TRUTH ABOUT CREDIT REPAIR

On April 11th, 1996, the Federal Trade Commission (FTC) announced action being taken in 15 different cases against credit repair firms that still are bilking consumers out of millions of dollars annually. It also announced a new consumer education program. Here are some facts on credit repair.

- ◆ Accurate and timely information cannot be removed from your credit report, even if you have paid off a once delinquent debt. The fact that it is paid off is to your credit, however, the fact that the account was once delinquent is also true and can remain on your credit files from up to seven years.

- ◆ Credit repair clinics can't do anything to improve your credit report that you can't do for yourself, at little or no cost, (especially if you utilize The NCFE's Do-It-Yourself Credit File Correction Guide - \$12 includes postage).

- ◆ Avoid companies that want you to pay for credit repair

services BEFORE they provide any services.

- ◆ It is illegal for telemarketers who offer credit repair services to request payment until six months after they have delivered the services.

## THE TRUTH

No one can legally remove accurate and timely negative information from a credit report. The law, does however allow consumers to request an investigation or reinvestigation of the facts and information in your credit file that you dispute as inaccurate or incomplete. There is no charge for this investigation.

Everything a credit repair clinic can do for you legally, you can do for yourself at little or no cost. You may see their advertisements in the newspapers, on TV and on the Internet. You may also hear them on radio or even get fliers in the mail. You may receive a call from telemarketers offering their credit repair services. They all make the same (false) claims:

- ◆ Credit problems? No problem!

- ◆ We can erase your bad credit 100% guaranteed.  
• Create a new credit identity - legally.

- ◆ We can remove bankruptcies, judgments, liens, and bad loans from your credit file forever.

## THE SCAM

Everyday, companies nationwide appeal to consumers with poor credit histories. They promise, for a fee, - usually paid up-front - to clean up your credit report so you can get a car loan, a home mortgage, insurance or even a job.

The truth is, says the FTC (and the NCFE), is that they can't deliver on their promises and claims. According to hundreds of reports, consumers pay hundreds or thousands of dollars in up-front fees and these companies do nothing to improve your credit report, many credit repair companies simply vanish with consumer's money.

## THE WARNING SIGNS

If you decide to respond to a credit repair offer, beware of companies that:

- ◆ Want you to pay for credit repair services BEFORE any services are provided;
- ◆ Do not tell you your legal rights and what you can do yourself for free;
- ◆ Recommend that you do not contact a credit bureau directly; or
- ◆ Advise you to dispute all information in your credit report or take any action that seems illegal such as creating a new credit identity. If you follow any illegal advice, or commit fraud, you also may be subject to prosecution.

## REPORTING NEGATIVE INFORMATION

- ◆ Bankruptcy information can be reported for up to ten years.
- ◆ Information reported because of an application for a job with a salary of more than \$20,000 has no time limit.
- ◆ Information reported because of an application for more than \$50,000 worth of credit line or life insurance has no time limitation.

Default information concerning a US Government insured or guaranteed loan can be reported for seven years after certain guarantor actions.

- ◆ Information concerning a lawsuit or a judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

**The Indiana Department of Financial Institutions,**  
Division of Consumer Credit regulates Indiana consumer credit laws and has many other credit related brochures available, such as:

Advance Loan Fee Scams  
Answers to Credit Problems  
Applying for Credit  
At-Home Shopping Rights  
Car Financing Scams  
Choosing A Credit Card  
Credit Reporting and Scams  
Credit and Charge Card Fraud  
Credit and Divorce  
Credit and Older Consumers  
Credit Insurance  
Equal Credit Opportunity  
Equal Credit Opportunity and Women  
Fair Credit Billing  
Fair Credit Reporting  
Fair Debt Collection  
How to Cut the Costs of Credit  
How to Dispute Credit Report Errors  
Look Before You Lease  
Mortgage Loans  
Reverse Mortgages  
Second Mortgage Loans & Refinancing  
Shopping for Credit  
The Credit Practices Act  
The Rule of 78s What is It?  
Using Credit Cards  
Variable Rate Credit  
What is a Budget  
What is the D F I?

Call our toll-free number or write to the address below for a copy of any of the brochures listed or for further consumer credit information. Information is also available on the internet at our Web Site, <http://www.dfi.state.in.us>.



### DEPARTMENT OF FINANCIAL INSTITUTIONS

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402 West Washington Street, Room W066  
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# Credit Reporting and Scams



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